

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4810-09
Bill No.: HCS for SS for SCS for SB 707
Subject: Highway Patrol; Motor Vehicles; Public Safety Department; Transportation
Type: Original
Date: May 6, 2014

Bill Summary: This proposal modifies provisions regarding motor vehicles.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	Unknown - under \$100,000	Unknown - under \$100,000	Unknown - under \$100,000
Total Estimated Net Effect on General Revenue	Unknown - under \$100,000	Unknown - under \$100,000	Unknown - under \$100,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Highway Funds	Less than \$1,100,000	Less than \$1,100,000	Less than \$1,100,000
School District Trust	Unknown - under \$100,000	Unknown - under \$100,000	Unknown - under \$100,000
Conservation	Unknown - under \$100,000	Unknown - under \$100,000	Unknown - under \$100,000
Parks and Soils	Unknown - under \$100,000	Unknown - under \$100,000	Unknown - under \$100,000
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown - under \$1,200,000	Unknown - under \$1,200,000	Unknown - under \$1,200,000

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 12 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Sections 301.010 and 301.700 - Recreational off-highway vehicles:

Officials from the **Department of Revenue (DOR)** state currently, "all terrain vehicles" (ATV), as defined in 301.010(1), are titled and registered under Section 301.700, RSMo, while "recreational off highway vehicles" (ROV), as currently defined, are not.

By deleting "with a seat designed to be straddled by the operator" and "handlebars for steering control" from the definition of an all terrain vehicle and "with a nonstraddle seat, and steering wheel" from the definition of a recreational off highway vehicle, this may cause confusion and remove any clarity as to the difference between an all terrain vehicle and a recreational off highway vehicle.

These definition changes have effectively shifted some recreational off-highway vehicles into the definition of an ATV. Therefore, there will be a requirement for more recreation off-highway vehicles, now falling under the definition of ATV, to be titled and registered with the Department and taxes to be collected at the time of titling, not at the time of sale.

The Department of Revenue anticipates a slight increase in revenue from the changes. As stated above, more ROV's will now be considered ATV's. Because of this, they will be taxed each time it's sold (upon titling) when they were never taxed after the initial purchase. It is unknown how this will impact total state revenue.

DOR states the sales taxes that would be collected on the resale of an ATV would be collected for the following funds (General Revenue 3%, School District Trust Fund 1%, Conservation .125%, and Parks and Soils .100%). Also, the titling and registration fees would be paid into the General Revenue Fund.

DOR also assumed the proposal would require administrative changes that will result in a level of effort equating to \$1,070 in fiscal year 2015.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb some of the costs related to this proposal.

Oversight will assume an unknown amount (under \$100,000) of additional sales tax revenue and titling/registration fee revenue will be collected as a result of this proposal. Oversight does not have information available to determine how many previously-classified "recreational off-

ASSUMPTION (continued)

highway vehicles" will now be classified as "all-terrain vehicles" as a result of this proposal.

Sections 301.067 - Lifetime registration fee for trailers:

According to officials from **DOR**, this section opens permanent trailer registrations to any trailer as defined in §301.010 and semi-trailers, at a fee of \$52.50, by deleting restrictions to only those trailers or semi-trailers which are operated coupled to a towing vehicle by a fifth wheel and kingpin assembly or by a trailer converter dolly.

This proposal appears to allow the permanent registration for all trailers. The current one and three year registration option in §301.067 will still be available, thus allowing for three options to trailer registration applicants.

Administrative Impact

Procedures will need to be modified by a Management Analyst Specialist I requiring 40 hours at a cost of \$840 in FY15.

The DOR web site will need to be updated. This will require 10 hours for an Administrative Analyst III, at a cost of \$230 in FY15.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Due to permanent trailer plates being non-expiring there will be a cost reduction from the elimination of renewal notices that are currently mailed at the end of each year. This proposal would result in savings to DOR for the cost of postage (\$.224 for each renewal notice) and forms (\$.0224 per renewal notice).

There are currently 296,572 trailer registrations expiring in 2014 (FY15), 281,944 in 2015 (FY16), and 164,469 in 2016 (FY 17). Based on current statistics, 54% of trailer registrations are 1 year and 46% are 3 year.

DOR cannot determine how many applicants will switch to a permanent registration at renewal of their current 1 or 3 year registration; therefore, for purposes of this fiscal note, it is assumed 10% of all applicants will obtain a permanent registration at renewal time, thus eliminating the

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ASSUMPTION (continued)

need for a renewal notice in subsequent years. For FY 16 there will be a savings of \$7,296 and in FY 17 \$10,481.

Revenue Impact

There are currently 296,572 trailer registrations expiring in 2014 (FY15), 281,944 in 2015 (FY16), and 164,469 in 2016 (FY 17). Based on current statistics 54% of trailer registrations are one year and 46% are three year.

DOR cannot determine how many applicants will obtain a permanent registration in lieu of a one or three year registration either at initial issuance or renewal; therefore, for purposes of this fiscal note, it is assumed 10% of all applicants will obtain a permanent registration.

The fee of \$52.50 will be charged for the issuance of permanent registrations resulting in the revenue estimate impact for permanent registrations vs. one and three-year registrations as shown below:

	FY 15	FY 16	FY 17
One year trailer plate	(\$120,112)	(\$172,582)	(\$150,488)
Three year trailer plate	(\$306,952)	(\$418,883)	(\$343,647)
Permanent plate	\$1,556,993	\$2,185,470	\$1,855,245
Increase to Highway Fund	\$1,129,929	\$1,594,005	\$1,361,110

Note: All three-year registrations collected in FY 15, FY 16, and FY 17 will not come up for renewal until after the scope of this fiscal note and therefore are not reflected.

The revenue impact indicated for the fiscal years within this fiscal note show an increase in overall highway collections. However, the term of this fiscal note does not address the long range implications when a trailer is registered for more than seven years.

If a trailer is registered permanently for more than seven years, there is a loss of \$7.50 every year thereafter. On the other hand, if the trailer is registered permanently and is only kept for three years, as an example, the highway collection will come out ahead.

ASSUMPTION (continued)

It's unknown how the revenue impact will affect the fiscal years exceeding the scope of this note and is based on many variables.

Oversight was uncertain regarding the calculations used by DOR in calculating the advancement of the registration fees for years beyond FY 2015. Therefore, Oversight will assume the Highway Fund would experience approximately the same fiscal impact in FY 2016 and FY 2017 as it is estimated to in FY 2015.

Section 301.227 - Junking certificates:

DOR states this part of the proposal allows consumer protection for the citizens of this state and others by allowing the Department to accurately carry forward brands designated on out-of-state titles. In addition, the repeal of subsection 9 of this section will require a title in order to scrap any vehicle. This may prevent vehicles over ten years old or older from being stolen and then subsequently scrapped.

Section 304.015 - Trucks driven in the far-left lane:

In response to a similar proposal from this year, HB 1983, officials from the **Department of Transportation**, the **Department of Public Safety - Missouri Highway Patrol**, the **Office of the State Courts Administrator**, the **Office of the State Public Defender**, the **Office of Prosecution Services** and the **Columbia Police Department** each assumed the proposal will have no fiscal impact on their respective organizations.

Section 304.190 - Commercial Zone in Columbia:

In response to a similar proposal from this year (HB 2163), officials from the **City of Columbia** assumed the area described in the bill appears to start at the City of Columbia's southern city limits, go north to Highway WW and then east to Route J, putting a potential destination in the Mark Twain National Forest on the Callaway County side.

Columbia Regional Airport, owned and operated by the City, is located in that general area. If, for some reason, this puts heavier trucks on the airport access road, the City would have additional road maintenance costs from wear on pavement, shoulders and possible damage to adjoining right-of-way.

Officials from the **Department of Transportation (DHT)** assume an unknown negative impact

ASSUMPTION (continued)

to the Road Fund from the increased cost of additional wear and tear to the highways and bridges.

Oversight will estimate a cost to the Road Fund and the Local Political Subdivisions of “(Unknown greater than \$100,000)”, since there is no way to quantify the dollar amount of additional wear and tear to the highways and bridges for additional maintenance.

Section 578.120 - Sale of motorcycles on Sundays

Officials at the **Department of Revenue** assumes §578.120 allows motor vehicle dealer's to sell motorcycles on Sundays. Procedures will need to be revised by a Management Analyst I requiring 40 hours at a cost of \$840 in FY15. The Dealers Operating Manual will need to be revised by a Management Analyst I requiring 40 hours at a cost of \$840 in FY15.

Oversight assumes these costs can be absorbed by the Department.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE			
<u>Savings</u> - Department of Revenue - Reduction in costs for renewal notices (\$301.067)	\$0	\$7,296	\$10,481
<u>Income</u> - Department of Revenue - additional titling/registration fees resulting from change in definition of all- terrain vehicle (§§301.010 & 301.700)	Unknown - under \$100,000	Unknown - under \$100,000	Unknown - under \$100,000
<u>Income</u> - Department of Revenue - additional sales tax collected during titling/registration of used all-terrain vehicle (above \$3,000) because of change in definition (§§301.010 & 301.700)	Unknown - <u>under \$100,000</u>	Unknown - <u>under \$100,000</u>	Unknown - <u>under \$100,000</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>Unknown - under \$100,000</u>	<u>Unknown - under \$100,000</u>	<u>Unknown - under \$100,000</u>

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<u>FISCAL IMPACT - State Government</u> (continued)	FY 2015 (10 Mo.)	FY 2016	FY 2017
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HIGHWAY FUND

<u>Revenue</u> - Increase in plate income (301.067)	\$1,100,000	\$1,100,000	\$1,100,000
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<u>Cost</u> - DHT Increased maintenance cost (§ 304.190)	(Unknown greater than <u>\$100,000</u>)	(Unknown greater than <u>\$100,000</u>)	(Unknown greater than <u>\$100,000</u>)
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ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>Less than</u> <u>\$1,100,000</u>	<u>Less than</u> <u>\$1,100,000</u>	<u>Less than</u> <u>\$1,100,000</u>
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SCHOOL DISTRICT TRUST FUND

<u>Income</u> - Department of Revenue - additional sales tax collected during titling/registration of used all-terrain vehicle (above \$3,000) because of change in definition (§§301.010 & 301.700)	<u>Unknown -</u> <u>under \$100,000</u>	<u>Unknown -</u> <u>under \$100,000</u>	<u>Unknown -</u> <u>under \$100,000</u>
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ESTIMATED NET EFFECT TO THE SCHOOL DISTRICT TRUST FUND	<u>Unknown -</u> <u>under \$100,000</u>	<u>Unknown -</u> <u>under \$100,000</u>	<u>Unknown -</u> <u>under \$100,000</u>
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FISCAL IMPACT - State Government
 (continued)

FY 2015
 (10 Mo.)

FY 2016

FY 2017

**CONSERVATION COMMISSION
 FUND**

Income - Department of Revenue -
 additional sales tax collected during
 titling/registration of used all-terrain
 vehicle (above \$3,000) because of change
 in definition (§§301.010 & 301.700)

Unknown -
under \$100,000

Unknown -
under \$100,000

Unknown -
under \$100,000

**ESTIMATED NET EFFECT TO THE
 CONSERVATION COMMISSION
 FUND**

Unknown -
under \$100,000

Unknown -
under \$100,000

Unknown -
under \$100,000

PARKS AND SOIL FUNDS

Income - Department of Revenue -
 additional sales tax collected during
 titling/registration of used all-terrain
 vehicle (above \$3,000) because of change
 in definition (§§301.010 & 301.700)

Unknown -
under \$100,000

Unknown -
under \$100,000

Unknown -
under \$100,000

**ESTIMATED NET EFFECT TO THE
 PARKS AND SOIL FUNDS**

Unknown -
under \$100,000

Unknown -
under \$100,000

Unknown -
under \$100,000

FISCAL IMPACT - Local Government

FY 2015
 (10 Mo.)

FY 2016

FY 2017

LOCAL POLITICAL SUBDIVISIONS

Income - additional sales tax collected during titling/registration of used all-terrain vehicle (above \$3,000) because of change in definition (§§301.010 & 301.700)

Unknown -
 under \$100,000

Unknown -
 under \$100,000

Unknown -
 under \$100,000

Cost - City of Columbia
 Increased maintenance cost (§ 304.190)

(Unknown
 greater than
\$100,000)

(Unknown
 greater than
\$100,000)

(Unknown
 greater than
\$100,000)

**ESTIMATED NET EFFECT TO
 LOCAL POLITICAL SUBDIVISIONS**

**(Unknown
 greater than
\$100,000)**

**(Unknown
 greater than
\$100,000)**

**(Unknown
 greater than
\$100,000)**

FISCAL IMPACT - Small Business

Small businesses that sell all-terrain vehicles could be administratively impacted result of this proposal. Small business powersports dealers that intend to sell on Sundays could be positively impacted by this proposal.

FISCAL DESCRIPTION

Sections 301.010 & 301.700 modifies the definitions of "all-terrain vehicle", "recreational off-highway vehicle", and "utility vehicle." For all-terrain vehicles, the requirements that the vehicle have handlebars for steering have been removed and the seat requirement has been changed to one designed for one or more persons. For recreational off-highway and utility vehicles the allowable width has been increased to 67 inches and allowable weight of the utility vehicle has been increased from 1,850 pounds to 2,000 pounds or less to match the recreational off-highway vehicle.

§301.067- currently, only a trailer as defined in §301.010 or semi-trailer which is operated coupled to a towing vehicle by a fifth wheel and kingpin assembly or by a trailer converter dolly

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FISCAL DESCRIPTION (continued)

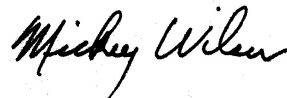
may be registered permanently. This section repeals that provision and allows all trailers as defined in §301.010 or semi-trailers to be registered permanently.

Section 304.190 changes the laws regarding motor vehicle height and weight limits for the commercial zones in the city of Columbia. The bill creates a 15-foot height limitation and a 22,400 pound weight limitation for any motor vehicle within the commercial zone of Columbia. The commercial zone extends from the city limits along U.S. Highway 63 for 8 miles, and extends east from the city limits along State Route WW to the intersection of State Route J and continues south on State Route J for four miles.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety
Missouri Highway Patrol
Department of Transportation
Department of Revenue
Office of the State Courts Administrator
Office of the State Public Defender
Office of Prosecution Services
City of Columbia
Columbia Police Department



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